

**SPECIAL MEETING
CRANSTON SCHOOL COMMITTEE
WEDNESDAY, APRIL 27, 2005
WESTERN HILLS MIDDLE SCHOOL
400 PHENIX AVENUE
PUBLIC SESSION: 6:30 P.M.**

MINUTES

A special joint meeting of the Cranston School Committee and the Cranston City Council was held on the evening of the above date at Western Hills Middle School with the following members present: Mr. Archetto, Mrs. Greifer, Ms. Iannazzi, Mr. Lupino (arrived at 6:43 p.m.), Mr. Palumbo, Mr. Stycos, and Mr. Traficante. Also present were Mr. Scherza, Mr. Balducci, Mr. Votto, Mr. Scaffardi, Mr. Zisseron, and RI Auditor General Ernest Almonte. Present for the Cranston City Council were Mr. Garabedian, Mr. Pisaturo, Mrs. McFarland, Mrs. Fogarty, Mrs. Bucci, Mr. Lanni, and Mr. Fung. Absent were Mr. Livingston and Mr. Barone.

Mr. Palumbo called the meeting to order at 6:30 p.m. The roll was called and the Pledge of Allegiance conducted.

Mr. Palumbo welcomed Mr. Almonte, and he welcomed what he would be presenting this evening. Mr. Palumbo stated that what the public

and the City Council would be hearing for the first time from Mr. Almonte in terms of his report he will also be hearing for the first time. None of the committee members were privy to any of this information before this evening.

Mr. Garabedian thanked the Auditor General for his appearance. He requested that the Auditor General make his presentation. He added that later there would be questions from the City Council. The public would be allowed to speak.

Auditor General Almonte thanked the School Committee and the City Council for inviting him to this meeting. He commented that he and the Office of the Auditor General have a mission statement on the back of their business cards along with their core values which are integrity, reliability, independence, and accountability. That is a contract between himself and the public that what they would receive today is integrity, reliability, independence, and accountability. His office offers to the public non-partisan, non-ideological, fact based decision making and findings on the part of his office. He referred to Mr. Palumbo's earlier comment that this report has not been released.

At the end of his comments, he would distribute it to the School Committee and the City Council. At that point, it becomes a public document.

Mr. Almonte further commented that his office reviewed the report that was done on the City of Cranston School Department. They interviewed members of the Rhode Island Department of Education, RIPTA, the State transportation agency, and several other individuals regarding the findings in this audit report. He stated that the report lists approximately \$6 million worth of savings. Because his office could not look at every single item and because of the amount of time his office had to look at this report, in agreement he said that they would look at the three highest priced areas. That accounts for \$5.5 million out of the \$6 million which is 90% of the savings in the report, and they would give an opinion on those. Of the \$5.5 million, \$1.3 million related to the closing of the schools; \$3 million related to special education; and \$1.2 million related to savings in the transportation area. The first area in the school department as it was related both in the findings of the school department audit it is stated in the report that this item, the closing of the schools, as a matter of public policy, was not on the table for both the Mayor and the school department, that that would not be considered an item to save money. If it is a matter of public policy that they wouldn't close the schools, that item should not be included as cost savings because, as a matter of public policy, it wouldn't be done. He gave the analogy that if they were going to close schools, that obviously would save money, but as a matter of public policy,

they wouldn't do it, it shouldn't be in the report. They could also say in any report that if the heat was shut off all year long and asked the children to wear sweaters, that would save money; but as a matter of public policy, they wouldn't do that too. He suggested that out of the \$5.5 million, the \$1.3 million should be taken off the table because the Mayor and the School Committee stated that this was something that would not be done. That leaves \$3 million for special education and \$1.2 million on transportation. In both of those areas, his office deemed those to be not achievable. He believed that this report would not be a useful tool in the preparation of the 2006 budget.

Having said that, Mr. Almonte stated that he would walk through some of the items in the report. As he mentioned earlier, based on their review, they believe that the remaining cost savings – special education, \$3 million; and bus transportation, \$1.2 million are not achievable. He does believe that performance audits are a very helpful tool in providing authorities, agencies, and governmental entities ways to improve.

A copy of Mr. Almonte's report is attached for the record.

Mr. Almonte's side notations are as follows with regard to the "Objectives" portion of the report:

When the Auditor General's Office was asked their opinion in the early phase of this, he mentioned that it was critical that any findings

they had should be in adherence to state and federal laws and regulations.

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With regard to his office doing a peer review which is when an outside entity comes in and reviews the work papers in the audit report to determine if standards were followed, he did make a formal request to review the work papers, and his office was denied that request. His office was unable to look at the auditor's work papers. Their legal counsel

would not allow his office to do that. Had a peer review been done, a part of the process is to review the work papers to make sure there is evidence to back up the things that are listed in the report.

His office was asked to look at just this report and not go through the Cranston School Department to find other areas to save money. That was not part of their scope.

Under the section "Conclusions", Mr. Almonte explained that In\$ite is a program under the RI Department of Education where they collect data of all cities and towns so that one can compare one to another. His office is doing work for the legislature right now to look at the In\$ite Program. Not every city and town includes the same items in a

particular line item. It is very hard to compare one city with another city because one city may compare a line item, and another city or town may include something else or may delete something. One is not comparing apples to apples but may be comparing apples and oranges.

With regard to the closing of elementary schools, as a matter of public policy, the Mayor and the school department would not close schools; but he would address them because it is in the report.

With regard to the transportation section, if one is to compare Cranston to West Warwick, West Warwick is a lot more dense than the City of Cranston is. If one were to drive one mile in the Town of West Warwick, one would pick up a lot more students than one would driving one mile in the City of Cranston. Those two cannot be used for a comparison.

In conclusion, Mr. Almonte said that his office looked at approximately 90% of the items in this report. They looked at three specific areas which make up \$5.5 million worth of savings. The first one, \$1.3 million for the closing of schools, he felt was an illusion and should not be included in this because as a matter of public policy schools would not be closed. The remaining two, special education for \$3 million and \$1.2 million for transportation, are unachievable and should not be used as a tool for the 2006 budget. However, they do recommend that the School Committee, the school department,

and the City Council re-examine the potential cost savings identified in the performance audit using the observations that his office highlighted in the enclosed appendix. They should make use of the resources with the RI Department of Education. He suggested that if the budget passes with the internal audit provision, which was a great addition to the budget for accountability reasons, use that internal auditor to look at these areas, gather additional information to make this into a useful recommendation for the 2007

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budget. If there are items that can be implemented in the middle of the 2006 budget, go forward and do those and save the city money.

Mr. Almonte distributed the report to the City Council and the School Committee. He indicated that he was available for questions from either group or the public.

Council President Garabedian entertained questions from the School Committee and the City Council.

Mr. Fung asked Mr. Almonte how many school performance audits he had performed during the course of his tenure as Auditor General. Mr. Almonte responded that he has not performed any school performance audits during his tenure as the Auditor General, but in this particular case, his office used the expertise of the RI Department

of Education. His office has performed many performance audits of governmental agencies, and as far as looking at the dollars, that is comparable whether one is doing a school department performance audit or a city department, the lottery, the Governor's office, or the prison. They do many performance audits. On every single performance audit, even if one was done on a nuclear power plant, they could still do it. They would bring in people with that area of expertise on the questions where they do not have that expertise. That is what they did on this audit. They brought in and spoke with people from the RI Department of Education who are experts in that area.

Mr. Fung asked Mr. Almonte if he identified those people in the report with whom he spoke at the Department of Education. Mr. Almonte said they were identified by title. He asked Mr. Almonte if he spoke with any of the individuals within Cranston Public Schools or the Cranston school union with regard to the performance of this audit. Mr. Almonte responded that he spoke to no one in the union, and he did speak with some people in the Cranston School Department. Mr. Fung asked him to identify who those people were. Mr. Garabedian asked members of the school department if they would identify themselves if they had conversations with Mr. Almonte or his office. Mr. Balducci, Business Administrator for the district, said that he has had conversations with the staff at the Auditor General's office. This is no different than the conversations he has had with the performance auditors when they came in to do the audit several

months ago. Similar information was shared with both parties.

Mr. Fung stated to Mr. Almonte that he had indicated that he had not done performance audits of schools and that this was the first one. He asked Mr. Almonte if he had ever testified at any hearings in which he has provided any type of financial analysis regarding schools. In response, Mr. Almonte said “no” regarding schools, but his office has testified in hearings on all performance audits they have ever done. He doesn’t treat this any different. They bring in the people who have that expertise, and that is what is done when a good performance audit is done. Mr. Fung indicated that Mr. Almonte’s office focused mainly on the Department of Education. He asked if he went

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outside of Rhode Island to any other comparable cities and towns with similar sizes for data. In response, Mr. Almonte said that his office did not do an audit; they reviewed this audit report, and this audit report for the Cranston School Department has to comply with Rhode Island laws and regulations. That is the place his office would go to to make sure that they complied with Rhode Island laws and regulations. Mr. Fung commented that with regard to complying with Rhode Island laws and regulations, Mr. Almonte was talking about the performance part of the schools. If he were looking at the financial aspects, he asked if one would have to look at comparative figures from other similar cities and towns. Mr. Almonte

stated to Mr. Fung that his office did not do a performance audit. They did an evaluation of the audit report. He has mentioned in Cranston once before that as far as performance audits go people should know that performance audits across the country are done using the yellow book standards. The yellow book is put out by the Comptroller General of the United States of America. He was appointed by the Comptroller General of the United States of America to review the whole audit report sentence by sentence and served on a committee to revise that whole report. That auditing standard for performance audits, whether it is schools, nuclear power plants, Department of Defense, City of Cranston, or anything else, have to use the yellow book. It is used by any federal government audit, any state audit, any city or town audit, and ninety-four other countries use the yellow book. He sat on the committee and helped rewrite every sentence in that book. He has over eleven years of experience as the Auditor General doing performance audits and helped set the standards for the whole country. Mr. Fung responded that he was not questioning that. He asked if it was important to look at comparative data from other comparable cities and towns. Mr. Almonte said that if there were comparative cities and town, yes it would be.

With regard to the cost savings identified by Mr. Almonte, Mr. Fung said that the Auditor General had indicated in the transportation and special education areas that it was not achievable in those two areas for this budget. He asked how he said that and then remark that both sides should continue dialogues for consideration in 2007 on these

similar type areas. Mr. Almonte responded that more work still needs to be done in order to turn these recommendations into a useful tool. That is why he said there needs to be more dialogue and more work and more investigations in order to find a comparable city. As an example, the Town of West Warwick should not be used in a comparison with Cranston because of the density issues. They should find a city that is more comparable. That requires more time, and he doesn't believe there is time to find the answer before this budget is prepared. If the homework is done and prepared for 2007, it will certainly help in 2007. If it is done three months from now, they could look to try to implement those things to save money for next year, but it won't help in putting together the 2006 budget.

Mr. Fung noted to Mr. Almonte that he was being put in the middle of this because the City Council was sued by the School Committee for additional funds. Mr. Almonte

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responded that he was asked to step in to do this because of the respect for the Office of Auditor General not because of any lawsuit. Mr. Fung asked Mr. Almonte if he was aware of an ongoing lawsuit, and Mr. Almonte responded that he was aware of it. Mr.

Fung asked how the Council could continue any dialogue with an adversarial party that sued them on this type of thing particularly when it centers upon the tool that is the subject of the litigation. Mr.

Almonte responded that he supplies recommendations and performs the duty he was asked to do. For the members of the City Council as a matter of public policy they should decide whether or not they continue lawsuits or continue to fight in light of what they have learned. His is based upon what his office did. Whether they continue in this lawsuit or not, it is no relation upon what he has been asked to do today. He was asked to give an independent assessment of this report which he has done.

Mr. Lupino thanked Mr. Almonte for coming before them this evening.

He asked Mr. Almonte if under the RI Education Law the Advisory Council on School Finances is still used and if they meet. Mr. Almonte responded that earlier in his presentation he had referred to the In\$ite Program. He had said that if one wanted to compare cities and towns, it is hard to do it right now because not every city and town includes the same line items in their budget. That piece of legislation has asked his office and others to review that. They have not held a public meeting yet because they are doing their investigations. So far in their investigation they have found that the numbers can't be used for comparable reasons. They are going to come up with a potential solution to have across the state a chart of accounts that is required of all cities and towns so that when the information is compiled one will be able to compare cities and towns one against another.

Mr. Lupino addressed Mr. Fung's question to Mr. Almonte regarding

whether or not he had done a performance audit in the past. Mr. Lupino pointed out that The Abrahams Group who did this performance audit never did one in the State of Rhode Island. Also, under General Law 16-2-21, paragraph 4, Section B, it states that this should be done by the Auditor General, Bureau of Audits, or a certified public accounting firm. The Abrahams Group has never proven to the committee that they are a certified accounting firm in the State of Rhode Island. He indicated to Mr. Almonte that he had referred to it as a performance audit because that is its title. Mr. Lupino assumed that the performance of the City of Cranston Public Schools is best exemplified by its test scores and its performance in the community. Approximately one month ago, in honoring the Superintendent of Schools as the top Superintendent in the State for the past year, Commissioner McWalters said that there is no better school district than Cranston. Mr. Lupino added that this was not his assessment but Mr. McWalters. He borrowed from his former colleague, Mr. Eramian, who often asked that if one wants to compare Cranston Public Schools to someone, find someone in the State of Rhode Island who is doing a better job than they are educating its children. Again referencing 16-2-21, paragraph B, section 4, per the Caruolo action and per state education law, it says that

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what should be conducted by the Auditor General, Bureau of Audits, or a certified public accounting firm should be a financial and

program audit. It never says performance audit. He asked if he was arguing semantics by saying that this was really not a financial and program audit and that it was a performance audit.

In response, Mr. Almonte said that the words program audit and performance audit are used interchangeably, and he didn't have a problem with that terminology. Mr. Lupino said that the report did not indicate how well Cranston does on test scores and how well they do in comparison to the other ring communities, comparing the buses and other financial situations. Mr. Almonte responded that this was outside of the scope of what they were asked to look at. If the committee had asked him to do a performance audit, he would come up with a list of areas he thought to be high risk. He would also ask the School Committee for those areas of high risk and the City Council as well. All of those would be put into the pot of areas his office would look at. In addition, there would be the background and the findings as well as the auditor's comments in the report. In addition, it is considered best practice to include information about things that are working successfully in that area; but it is not required. In the Auditor General's office, they include auditor's comments all the time which would include their background, their recommendations and the district's response to it. Those comments are there for everyone to see. If his office is given enough information to make them change their minds, they would drop the finding.

Mr. Lupino stated that one area the committee is constantly battling

legislation in the House and Senate is trying to delineate unfunded mandates and actually require that any mandates from here forward a dollar amount be placed on those mandates along with a funding source. The state will mandate something to the district, but they want to tell the district where the funding stream should come from; yet this performance audit doesn't address any of those situations. He asked if that should have been a part of this audit. Mr. Almonte responded that when a performance audit is done, one can look at so many areas that the cost would be prohibitive to have one done. One picks those areas that are felt to be high risk, and he would not stand in the place of those auditors of what they felt in a professional judgment were of high risk.

Mr. Palumbo stated that he wished to give the School Committee's view of this performance audit after Mr. Almonte finished and was through responding to questions. Although his explanations would be a lot simpler than the Auditor General's, it would be clear to everyone in the audience and everyone on the City Council who has an open mind as to how the committee feels about the audit, why they feel the way they do, and why they feel justified.

Mr. Stycos stated that as was mentioned earlier the School Committee is suing over the performance audit, essentially charging that it was unfair and rigged. He asked Mr. Almonte if in his experience as Auditor General he has heard of a school department suing over a performance audit that basically has no legal impact and

is an opinion

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document. Mr. Almonte responded no, but he didn't feel it had any bearing on it. He has worked for a long time in his career, and he was never sued as an accountant.

Once he became the Auditor General, he believed the first audit report his office did, he was served with papers two or three days later. It is a common practice in government, but it doesn't happen all the time to him. He doesn't consider it to be out of the ordinary. They have every right to do it. Mr. Almonte added that he did not know the facts of the lawsuit.

Mr. Stycos stated to Mr. Almonte that in his report he seemed to be saying that one can't bank on those numbers in the report because of the reasons stated. He asked if the School Committee shouldn't be examining those areas where there aren't any cost savings in those areas that could be achieved. Mr. Almonte responded that he didn't say that at all. He said that the committee needs to do more work to come up with what those numbers truly are. Perhaps if the committee compares to a comparable city, for example the transportation costs, the committee may find that their transportation costs are less than those two or three comparable cities. He suggested that the committee should not stop there. The committee

should not look at incremental changes in their budget; they should look at every year and every line item to see if a service is needed any more or if its purpose has worn out. He suggested that the committee should continue to do work. He suggested that the committee should look at these three areas, gather more information to be sure they have the right information to make a decision, and when they are through with those three areas, go right back and find two or three other high risk areas that have a lot of cost savings and do the exact same thing again. The committee won't have to hire an outside firm but rather start out with the expertise they have in their community. If the committee does add the internal auditor position, that provides the independent assessment to the School Committee to look at the administration and actually give them back an independent view on things. It would be a very useful tool. It needs more work and information to make sure the numbers are comparable.

Mr. Stycos stated that the audit report is very critical of the way the school department does budgeting. Specifically, it mentions that "the budget as a presentation and communication document does not meet the recommended budget practices of the Government Finance Officers Association. As stated before, the budget is no longer the planning tool; it is the follow-up chore." He asked Mr. Almonte for his comments on the way the school department budgets. Mr. Almonte responded that his comment, whether it is school department, city or town, or any governmental entity, is the same comment that he would

make to a business person in a business. One should prepare a budget that they feel is achievable and use it not as just a finish line they can cross over any time they want but something they try to achieve and that it is done in the front end, not updated throughout the year, although one could update it throughout the year by moving items from one line item to another line item. However, he would suggest

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that budgets be prepared on the front end and always on a monthly basis have comparisons of budget to actual. In that way, people are being held

accountable, and it makes the budget more transparent to the community and the policymakers, such as themselves.

Mr. Stycos asked if the Government Finance Officers Association's standards were good standards, and Mr. Almonte said that they are a great basis of best practices. They have a website where one can download these best practices. In the Office of the Auditor General, because of financial problems they have had in various places such as the Town of Johnston and the City of Cranston, they have over the past few years conducted an educational program. They have one program on finance education for elected officials in which everyone on the School Committees and City Councils were invited to attend. It tells how to do government finance, how to do budgets, how to

compare budgets and actuals, how to read an audit report, how to do bonding, etc. The second program is for finance for the staff level, the people who do the day-to-day work. It is an all-day program that is very in-depth. Thirdly, they conduct a training program on government finance for the media, and fourth this year they will do it once in two communities in which they will invite people from around the state to teach the public about government finance so that they can be better watchdogs to look over the numbers. He believes that in his role as Auditor General and that of his office is to put light on the subject; light will create heat; and heat will create action. He believes this will happen with the good financial literacy campaign that was started in his office. In those training sessions, they would always refer the people to the GFOA to take a look at their best practices. They can download it and use that information which is a good resource.

Mr. Archetto referred to page 2 of Mr. Almonte's report and noted that Mr. Almonte's office has requested access to The Abrahams Group working papers. He asked Mr. Almonte if they had given a reason for the denial, and Mr. Almonte responded that the attorney responded and he indicated that they could not give him the information because of the lawsuit. He further indicated that on a statewide basis when his office does a governmental office, and it could be the Governor's office, they did the Health Department audit and were denied access by the Governor to work papers. He stated then that he could have submitted a subpoena to get the documents because they can review

any document. The same thing could have possibly been done in the city, but he was not willing to go that route because there was only a short time frame to get the information. That is something he would use very sparingly in his job because everything works out by using communication.

Mr. Traficante referred his statement to Councilman Fung and commented that he wished to clarify at least one of Mr. Fung's concerns. He stated that he could not turn back the clock. What has happened in the past has happened, therefore, they should look to the future. This is a newly elected School Committee with four brand new

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members. This committee, he assured him, is looking for dialogue on behalf of the kids of this city. They are not looking for an argument; they are looking for solutions. The committee is faced right now with a \$7 million crisis. If they all don't work together and have this dialogue together, then the committee will be forced to dismantle a darn good system. He knows that Mr. Fung doesn't want it to happen, and he certainly doesn't want it to happen. They have to work together on behalf of the kids of the city because the committee has reviewed this budget and is looking for some potential cuts in the event the district doesn't gather more money either from the State or the Council. It is not a pretty scene,

and he doesn't want to see it happen to Cranston. He assured Mr. Fung that the committee is looking for dialogue and working together.

Mr. Fung responded to Mr. Traficante that he would love to have that dialogue, but the truth of the matter is that the committee has both of their attorneys here. The lawsuit is still ongoing. Drop the lawsuit, and let's get talking. If that is what this is all about, that is what is holding up a lot of the dialogue. The Council cannot, in good conscience, sit here because they are defendants in a law suit. It is an adversarial position. The Council has seen the same request of close to \$10 million increase almost every single year. The Council understands the issues that the School Committee faces, and they have had dialogues in the past. But if they really want dialogue to be meaningful dialogue ongoing, drop the lawsuit because that is the only way the Council and the Committee can talk openly and honestly.

Mr. Traficante assured Mr. Fung that the lawsuit is being discussed as they speak tonight. The committee will come to a conclusion very quickly on that issue. He asked Mr. Fung to understand that the City Council, the Mayor, and the School Committee have to come together on behalf of the kids of this City because they are the ones who will be hurt with this \$7 million cut.

Council President Garabedian requested both Council members and

School Committee members to try to stick to the order of business this evening. He requested they ask questions of the Auditor General. This is the first time the Council and Committee has seen it. If there are questions from that report, he would prefer to hear those questions asked than going back and forth. Everyone wants to resolve the legal stuff, and sometimes it becomes a waste of time. It is productive that they are all here this evening with the Auditor General. Let's approach this very major performance audit that makes a statement of millions of dollars to be saved, and there is an opportunity to hear the Auditor General's viewpoint. Their conclusions may be different, but by doing this, he thinks it is a positive thing rather than moving on in the budget and not getting an understanding from what he considered an impartial individual. There is probably information in the report that if the Auditor General had not brought it to him, and the Council's budget is winding down; they are ready to get into some final agreements. There is material that is helpful to them, and they will draw their own conclusions. He

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asked that for the remainder of the meeting the committee and the Council stick to the agenda and the docket.

Mr. Lupino referred to Mr. Almonte's comments regarding the budget document. He asked if the Auditor General's office has ever done or

requested of the Department of Education a different way to budget. He noted that Mr. Balducci follows all the requirements that tells the committee what to put into what areas. However, the difficulty is that the committee starts the budget in October or November to be presented to the Mayor in late winter, and he comes back with a recommendation to the City Council. The committee goes before the council to try to justify the budget request, and the council approves an amount. The committee doesn't know what its state allocation will be until well into July. The other iffy areas are snow removal, heat for the buildings, special education costs, and the fact that the district is self-insured. It isn't known ahead of time how healthy the staff will be. The Mayor in his budget presentation described a \$1.6 million surplus from last year, and primarily most of that was incurred but not reported health insurance costs. He asked Mr. Almonte how they could do the budget differently that would make it better for everyone involved. In response, Mr. Almonte said that he had not read the law suit nor does he know all the facts involved in it. He suggested to the committee that they look at the GFOA, and he makes this same comment to all cities and towns. There are best practices out there that the committee can look to adopt. When a budget is prepared, there is no way of knowing that anyone could hit those numbers on the dot. They are only estimates. No one can predict twelve months out what the numbers will be. If the committee looks at the GFOA, they can see best practices of what other states, cities and towns across the country are doing. They want to cherry pick some of those items to implement them in Cranston. As the Auditor General

and through the law mentioned earlier, he is trying to get all cities and towns to report in the same exact fashion. Then there wouldn't be this issue of comparing one city to another. Everyone would include the same items in a particular account. Right now, there are things included in one city that are not included by another city; and that is why one cannot compare the two numbers. Mr. Lupino commented that Cranston is approximately the size of Warwick. Cranston has two high schools, and they have three. They have 1,100 more students than Cranston. They have three athletic directors, and Cranston has one. That is a big discrepancy. He asked if the formula should go by school. Administrative costs are lumped together, and Cranston prides itself on running a lean operation. Sometimes the comparisons bring people to a dead end. Mr. Almonte added that this is why the law was passed so that his office could look at a statewide chart of accounts so that there could be a comparison.

Mr. Almonte stated that he wished to respond to Councilman Fung's comments. He stated to Mr. Fung that with regard to do performance audits, he had mentioned previously about the yellow book. He has been in his present position for eleven years, and in the back of the yellow book his name is mentioned there as preparing all the

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standards, and no offense to the audit firm hired by the City, one wouldn't find Mr. Abrahams' name there; but one would find Mr.

Almonte's name listed there. Secondly, Mr. Fung had mentioned about special education. Mr. Almonte pointed out that if one read the audit report, it states that they did not look at individual plans because that information was confidential. By using the RI Department of Education and their expertise, that data can be pulled out of the data base without the person's name, so there wouldn't be the issue of confidentiality. They could have pulled the information out and made their analysis. His office knows that and so does the Department of Education know that because they deal with Rhode Island laws all the time. That is the benefit his office would have provided, and when he read the report, it stated that they couldn't come to a conclusion because they couldn't get that information because it is confidential. He commented to Mr. Fung that they could have received that information if they had asked the Department of Education, and they would have allowed them to pull out that information without the student's name. They would have had the dollars, and they could have made the calculation.

Council President Garabedian read from page 7 of the Auditor General's report as follows: The auditor performed a separate comparison of transportation costs between Cranston and Warwick for 2004, and since RIPTA had advised that the population density in Warwick is comparable to Cranston's, we reviewed this analysis. In this comparison the auditors multiplied Warwick's contracted bus rate times the number of buses in Cranston and compared it to their computed costs for Cranston. However, the auditors excluded costs

for special education transportation and gasoline in the comparison. They reported that Warwick's contracted bus rate does not include gasoline or special education services. Warwick has its own special education bus fleet, and the auditors reported that they were not able to obtain special education transportation costs for Warwick. The auditors project Cranston's transportation costs to be \$239,000 higher than Warwick's in 2004." This is after not reporting the gasoline costs and the special education costs. Mr. Garabedian referred to the last paragraph on this page and noted that he could not believe it. He stated that if this audit report is true, that it really is revealing that this audit report has a great deal of inaccuracy and is not a fair comparison to either present to the School Committee or the City Council.

He referred to the third paragraph on page 7 and quoted as follows: "The Cranston Public Schools questioned this computed difference indicating that additional transportation costs incurred by Warwick should have been considered to make their costs comparable to Cranston's. The Director of Transportation for the Cranston Public Schools advised us that he spoke with a Director at the Warwick Public Schools regarding their transportation costs. He was advised that in addition to paying a contracted bus rate, Warwick incurs additional bus transportation costs for bus monitors estimated at approximately \$285,000, and administrative costs for salaries and related payroll taxes for the director and secretary. Mr. Garabedian asked Mr. Zisseron if he would concur with this information, and Mr.

Zisserson said yes. Mr. Garabedian went

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on to say that having heard that concurrence, and as chairman of transportation of schools way back, that if all this is true, and he accepts the fact that Mr. Zisserson knows what he is talking about and the Auditor General presenting this, it would seem to him that if this is true and the bus monitor figure is added of \$285,000 and the figure they are reporting that Cranston is \$239,000 higher, subtracted from \$285,000 would make the Cranston bus system less costly by \$40,000 plus adding the cost of gasoline and special education. That alone from this entire report, because transportation is a large number, and if one were not to know that, they might try to push a school committee into renting out buses. If these numbers are true, he would say that this is very revealing information unless he missed something.

Mr. Almonte commented that his office spoke with the director of transportation in Warwick and confirmed everything that was said. His office did not take Mr. Zisserson's word but actually checked to make sure that this information was correct. He indicated that Mr. Garabedian was correct in all his statements with the exception to his reference regarding gasoline. The auditors backed it out on both sides and special education.

Mr. Garabedian noted that The Abrahams Group took West Warwick and Pawtucket which had densities of population of 8,386 and 5,395 and compared it to Cranston at 2,171, he didn't know why they would do that. When they compared it to Warwick, he asked what his conclusions were based on this private transportation which is Cranston's. Mr. Almonte responded that Warwick's cost is higher than the City of Cranston.

Councilman Lanni stated to Mr. Almonte that he would have done this performance audit for the school system if he had been asked earlier prior to The Abrahams Group being asked by the Mayor. He asked if Mr. Almonte's office would have performed this audit for the school department, and Mr. Almonte said that he would have. Mr. Lanni stated that the cost of the performance audit was completely unnecessary because Mr. Almonte's department would have done it for nothing, and Mr. Almonte said that his office would have done it for nothing.

Mr. Lanni further commented that he has been in the transportation field for twenty-six years, and he knows the bus business. What the Council President said concerning Cranston's transportation system is absolutely correct. Mr. Zisseron does probably one of the best jobs in the State of Rhode Island as far as handling a transportation system. The Cranston School Department in so many ways, not only in transportation but also throughout the entire system, exceeds state standards and sets the state standards in many cases. Everyone has

to work together, as Mr. Traficante said, to solve these problems and make this system affordable and workable for everybody.

Mr. Palumbo stated that even though West Warwick is much more densely populated than Cranston, when the cost of bus monitors, etc. is added into West Warwick's

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busing, Cranston was lower than West Warwick as well. Mr. Palumbo asked how an accountant could have compared one city to another and left out critical expenses on one side and added them into the other. Mr. Garabedian responded that they didn't do their due diligence on all aspects of transportation because they may never have done a school system before or be familiar with a bus transportation system. Mr. Palumbo added that they are going to find this in not only this area but also in many other areas. They are going to find the same thing true in the facilities area of the report. The Abrahams Group has no idea of the educational arena. Mr. Palumbo knows that the committee wants to study it further, but when looking at their figures in all of these various areas, The Abrahams Group is completely wrong. They left things out and selected what they wanted. This is why the school department refused to accept it. As Mr. Almonte goes on to other items, he said that he would be glad to point out what those figures are.

Michael Cardarelli, Jr., former Cranston School Committee member, 53 Fairfield Road – Mr. Cardarelli thanked Mr. Almonte for coming to this meeting and for all his hard work. Mr. Cardarelli referred to Mr. Almonte's earlier comments regarding taking out the \$1.3 million for special education, and the \$1.2 million for transportation. Mr. Almonte looked at these two critical areas and those are the amounts he took out of this report. Mr. Cardarelli stated that he read the entire performance audit, and he has met with Mr. Abrahams. He was a gentleman and answered his questions. Mr. Cardarelli noted that Mr. Abrahams was being sued because this is a completely inaccurate report. It was being rigged from the start when the committee saw the specifications. To Mr. Fung, he told him to get over it. On his 40th birthday, he was given a \$5 million law suit from the Mayor, and the next time Mr. Fung saw him he was smiling and did his job the way he was supposed to, representing the children, faculty and people who run the school system, for the rest of his term until the Mayor finally signed away the law suit. It never bothered him or stopped him. He told Mr. Fung that he was an attorney and a professional person. He shouldn't let this bother him that he was being sued over this \$126,000 law suit. This piece of rigged performance audit looked pretty bad tonight as the City Council saw from the very capable hands of the Auditor General. This is the reason the City Council is being sued. The public and the School Committee doesn't want \$126,000 to come out of the textbooks and the strings, etc. It is an insult to the children. These School Committee members don't get paid and don't receive a stipend of

\$8,000 or \$4,000 a year. They receive nothing. It is not a matter of money coming out of their salary. This \$126,000 comes out of his son's textbooks. His son's math textbook is no longer the textbook used in this school system. When he thinks about what \$126,000 could buy, he thinks of this audit. It is the principle of the matter, and he hopes the committee never drops this law suit. He wants the \$126,000 back. It also bothered him that two Council people said that they were going into budget deliberations, and the School Committee better get use to the fact that the school department was going to get cut \$7 million because this report states that there is \$6 million in savings. Mr. Cardarelli referred to the Towers Perrin Report from October 25,

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1998 that identified several hundred thousands dollars worth of savings, and he has come to several members of the City Council and asked why computer equipment was being purchased for City Hall. The Towers Perrin Report suggested consolidating the MIS Departments and personnel. Approximately \$200,000 was spent on that report, and nothing has been done. He asked why this audit report would hold up school deliberations when the City Council spent a fortune on the Towers Perrin Report, and since 1998, nothing has been done. Mr. Garabedian commented that the Towers Perrin Report is important information. When the new City Council came on, they re-activated going back to that report to try to do those things

mentioned in the report. Mr. Cardarelli responded that every Council President since 1998 has attempted to do that. He hopes that Mr. Garabedian will succeed. With every budget deliberation, the spending is increased for MIS in City Hall. The school department has a brand new server. Mr. Cardarelli said that the city has tons of reports, but don't let this report harm the students. The Auditor General is so knowledgeable and has done great things. The Mayor will attack tomorrow stating that his findings were politically motivated.

Mr. Garabedian stated that it was his wedding anniversary. He was leaving the meeting to celebrate with his wife. He told the council and committee members that this was a very productive meeting regardless of what the comments might be in the newspaper tomorrow or the day after. He appreciated the committee and the council attending this meeting. He asked that the committee and council take the report home and digest it. Just the transportation area alone was enough to reveal that going into the budget he had enough information that he wouldn't have had if the Auditor General had not made this presentation. He turned the gavel over to Vice President McFarland. He thanked everyone for attending this meeting.

Beverly Prestage, 22 Franconia Drive – Mrs. Prestage referred to Mr. Almonte's comments regarding common denominators. She asked if the per pupil cost citywide is used throughout the state as a common

denominator for the cost to educate each student in the city. Mr. Almonte stated that this is what is used at the present time. His committee is looking at the legislation now, and they may come up with a whole different way that it is done. He added that it was premature to answer her question. Mrs. Prestage asked if at this point in time a common denominator is that per pupil cost. Mr. Almonte responded that this is what the Department of Education uses right now.

Ronald Kahn, 114 Garden Hills Drive – Mr. Kahn stated that he has been a lifelong resident of Cranston and a graduate of Cranston schools. His wife is a graduate of Cranston schools as well as his children. He thanked Mr. Almonte for bringing a degree of common sense to something that he totally resents as a resident of Cranston. He resents Mr. Fung as a resident of Cranston, and his response worrying about himself over the kids of Cranston. A lawsuit is a part of the job, and he should take what comes along as the Mayor does. There are too many discussions about flamingoes on lawn and money being spent on foolish audits where any kid could go on Yahoo to find the

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data that is available in the State of Rhode Island to reflect what all the state testing shows and the productivity. This week the students are celebrating winning the Science Olympiad; they came in second

in the State of Rhode Island. This week they also came in top in the United States in the Science Bowl. Those are a part of performance. Anyone who tells him that they have looked at data as an accountant and couldn't do simple due diligence that one can't compare apples to oranges. When figures are revealed about money spent on buses, and no one is going in asking pertinent questions, he doesn't care if the person is a gentleman who ran this accounting firm; there is a question about due diligence. He resents finding out how much money was spent. One of his children has graduated and was a Merit Finalist. He has a home in Cranston and was taken from Cranston for a brief time in his lifetime because of the US Army. He came back to Cranston for the school system for his children. If one goes to Cranston Stadium, everyone knows one another because people come back to Cranston for the school system. It is time to support it. He flatly resented anyone putting a personal lawsuit in between doing the right thing for the kids in Cranston.

Mr. Fung responded to Mr. Kahn that he is not worried about being sued personally because it doesn't matter. The Council is sued in its capacity as the City of Cranston. It is the City of Cranston that they have sued. The Council are presenting all of the public with the entire budgetary process. He told Mr. Kahn to ask former Mayor Traficante where he would suggest the Council get the difference of \$7 million outside of a tax increase.

Jacqueline White, Coventry, RI – Mrs. White thanked Mr. Almonte for

coming to this meeting to address the City Council and School Committee. Mrs. White was involved with Mr. Almonte a few years back when the City was beginning to address its very serious problems. She sat at the table and heard the intensity of the problem.

The Council and the School Committee started to work together. She thanked the Council and committee members for taking this opportunity to meet once again. Mrs. White told Mr. Fung that a couple of years ago the committee was meeting and having dialogue with the Council until the Mayor threw his personal lawsuit, and that is why it stopped. When she was a School Committee member, not only was that audit not accurate and done fairly, her concern was that the next City Council would be using that audit report to dismantle the school system. The information was inaccurate, and she didn't want to say skewed. They certainly weren't too willing to come to the committee. They had to beg to have a meeting after the report was given to the public. The committee had not seen it until they almost ordered Mr. Abrahams to come forward to meet with the School Committee. That evening they knew they would be facing a defensive position to the public and the Council with an inaccurate, skewed report. That is why the lawsuit was taken. She asked the Council not to take that report and use it as a means not to give the school department the funds they need to operate and continue to bring the glory to this school department that it has been doing. The Cranston School Department had someone from Washington visiting. They wanted to know the best school department

to visit. She told the Council to take heed that if they continue under funding this school department, they will bring it down and dismantle it. The school department cannot continue to run under funded, and the Council expects to get the same performance. There are other areas to save money as referenced by Mr. Cardarelli. There are some consolidations that can be done to save big bucks. She asked them to open their eyes, but to please take the report and have a big barn fire outside City Hall next week; that is what it is worth. Vice President McFarland thanked Mrs. White for all her years supporting this school system. She has had the opportunity to hear many of Mrs. White's school budgets presented and has had the opportunity over the years to have a lot of dialogue and talk about issues that even as a new Council member seven years ago they talked about transportation and the personnel department to bring both departments together to have one personnel department overseeing the entire city. Somewhere along the line, when the administration decided to serve each committee member with a personal lawsuit, the dialogue ended at that point. The City Council was not responsible for that. They have always had open dialogue and always been there to make sure the students are educated in the school system and that they have a wonderful opportunity, as her daughter has had, in the school system. Her personal feeling is that it appears that every single performance audit that has come before the City Council, and the Performance Audit Committee which she served on during her

last tenure on the Council, has not accepted any performance audits because it appears that everyone of them, whether it be for the school department or public safety, have had issues or problems. No one has compared Cranston. All the cities and towns in Rhode Island are unique, and she doesn't think that any of the performance audits since she has been on the Council have grasped what Cranston is all about and what it provides for the people who live here and how the children are educated. She has always had this concern on the performance audits that have come before them. They need to sit down and discuss items that have been addressed in performance audits, and they need to have open dialogue in order to do that. Hopefully the lawsuit will be dropped, and they can move forward and discuss those issues.

Mark Colozzi, 490 Comstock Parkway, Supervisor of Music Education for Cranston Public Schools – He stated that one aspect of the audit was to deem the strings program unnecessary. He doesn't see it as fiscally responsible for 788 children that take strings instruments in the school system to do away with this program particularly with the investment that has been made over several years. It wouldn't make sense to eliminate this program after the personnel that has been hired and the training that has been instituted. Finally the strings players will come up to the high schools. The high schools will have two major orchestras within two years at Cranston West and Cranston East. There will be a need for more strings personnel. He wanted to make the Council aware of how many children in the

district are studying strings instruments. Cranston has two of the largest band programs in the state. There are 180 students in the band at Cranston West and 100 students at Cranston East. He could go on and on about the accolades for the music program. It is extremely

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expensive to take private lessons on instruments, and many families could not afford it. It is afforded by the good graces of the school administration and the school committee.

Through these programs, the students study these instruments, and perhaps many of them pursue them on to college where some obtain scholarships.

Councilman Pisaturo stated that he had originally asked for a resolution to be written asking for Mr. Almonte to do this analysis because he had heard in his short time on the Council and while he was campaigning that the reliability of this audit was questioned by many people whose opinion he respects, among them former chairwoman Jackie White. He has been meeting with Mr. Palumbo and Superintendent Ciarlo in their homes and at the school department because of all the budget negotiations they are doing right now nothing is tearing at him more than where the Council will find the money for the school department. He has five nieces and nephews who attend Cranston Public Schools, so he is very

personally invested in this. He realizes that Cranston has the number one school system in the state. No one is ever going to change that, and he wants to make sure that Cranston continues to maintain that status to be number one. It involves the property values whether one has students in the school system or not, but that is not the reason. The kids deserve the best education that can be provided them. This is about the kids, and they have to remember that. As budget negotiations go on, he will be looking very closely at the Mayor's proposed budget, and he will be looking for places where the Council can take some money and give it to the school department. He hopes that the Council can come up with all that they need. He personally will go through the budget line item by line item. If they can find some ways to consolidate to come up with funds, then he will offer those amendments. He encouraged everyone to come. The school department will be considered by the Finance Committee of the City Council on May 2 at 6:30 p.m. at Cranston West. Without speaking for the other Council members, they are committed. They know this is the best school system in the state and want to give as much funding as they can to meet the request the committee has made. He commented further that it is interesting that as a former state legislator he didn't think too much about the unfunded mandates some times he passed on to municipalities. He is thinking of them now and how difficult they are when the requirements are made of school departments to make increased payments, etc. that they have no choice but to do it and are left with no other alternatives but litigation. Even in the midst of that, he can sit down with Chairman

Palumbo and Superintendent Ciarlo and ask for an explanation of how the Council can help. He stated that he was committing himself to finding as much funding as they could to fund what the committee asked for.

Paul Valletta, President, Cranston Firefighters, Local 1363, IAFF – He stated that he is a parent who had two daughters who went from Kindergarten and graduated from Cranston Public Schools. He concurred with Councilman Pisaturo that this is a tremendous school system. He thanked the Auditor General for attending this meeting. He stated that when the performance audit came out, the same concerns the committee

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and council have are the same concerns the fire department had. Councilwoman Fogarty who was the performance audit chair allowed that when the fire audit came out they did not react to what the Mayor wanted to do. They called meetings where they allowed the fire department to bring in experts just as the Auditor General was brought to this meeting. Mrs. Fogarty allowed the fire department to bring in experts, and she listened to the chief of the fire department and to the men who drive the trucks every day. They were able to convince the council last year that the fire audit would be a danger to fire fighters and citizens. Thank God the majority listened to them. Seven of the nine council members listened to the fire fighters and

told Mayor Laffey that they would not close fire stations and get rid of fire fighters. The fire fighters took it very personal last year because they were sure if those cuts were made it would affect the fire fighters and the kind of service they give to the citizens. That is what the council is looking at this year with this performance audit of the schools. Just as important to fire safety is what the council is looking at now, the school system. These teachers have the children six hours per day, five days a week. They are the ones with the parents who cultivate the future of this nation. He didn't know what kind of a person the Mayor was, and he didn't know if any of the public were at his circus tax summit in January, when he actually made fun of children with special needs. That night, when that happened, he lost all respect for the man, what little he had. This is the kind of administration people are dealing with. The council and the committee have an unbelievable job. They have to balance a budget this year with an administration that they can't trust, and it proves with these audits that come out. To cut bus monitors and cut special education is insane. They have to hold their ground. He further commented that Mr. Cardarelli was right; there would be personal attacks on the committee and council and on the Auditor General. They all have to hold their ground; it is too important an issue. He has not read this performance audit, but from what he is hearing, it is the same thing as the fire performance audit from last year. It is paid and bought by this person, and he could guarantee, when the Auditor General came to an August meeting of the City Council and Councilman McDonough asked the same question that

Councilman Lanni asked tonight, he asked the Auditor General if he would have done it for free, and he asked the Auditor General why it wasn't accepted, he said that the Mayor wouldn't give the administration the final word. He wouldn't let them put words into this audit after it was done. That is what was done on the fire audit; they proved that, and this is probably what was done on this audit. He added what he wanted to. His dirty hands were on that audit, and it is on this audit. He told them to hold their ground.

Melody Albanese, resides in Providence – She stated that she was a teacher in Providence for ten years. She was hired as a strings teacher in Cranston. The other strings teachers are excellent musicians. She is a member of the RI Philharmonic along with Nancy Richardson. Pam Ursillo and herself are also members of the New Bedford Symphony. A school department usually doesn't get a good core of teachers such as these with this type of performance background. The strings program is growing. She

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was ten years in Providence, and she saw disintegration there. Cranston has a wonderful system and an excellent music department. She asked that it not be given up. She further commented that it has been an honor to work for Cranston. She was laid off again this year and hopes to come back next year. She can get a job as a performer, but she likes to teach. This system has a

class act. She asked the council and committee to forget about the Renaissance in Providence; they have a long way to go before they get to what Cranston has.

Albert Benetti, 24 Concord Avenue – He indicated that something had to be clarified with a meeting that took place outside of Council Chambers with Mr. Almonte. When one comes down to what is happening in this city, it is finances. This performance audit is all about money. If the Council would say that they would provide the Cranston School System with all the money they want this year, everyone would go home and be happy. He reminded the City Council that they passed an ordinance that there would be no tax increase so they have a dilemma that they have to deal with besides this audit. Mr. Benetti went back to when Mr. Almonte met with Mrs. White during the O’Leary administration when this city was in financial crisis. Only people who learn and understand and keeping moving forward, never forget history and don’t revise it. He has been dealing with this type of financial nonsense in this city since 1991. When Mr. Almonte was in those meetings with the O’Leary administration trying to work out agreements, nothing got completely resolved with the biggest cost which is personnel, and that is 86% of the budget. They then came into the Laffey administration, and they found out that the city was financially broke. Mr. Almonte said that Mr. Benetti was incorrect. He came to Cranston when Mr. O’Leary was Mayor, and he told the community that the city was in dire straights. Mr. Bennetti remarked that the Mayor said the city needs

so much money to balance the books that there would have to be a supplemental tax increase. Mr. Almonte said his office prepared the five-year plan including the supplemental tax increase, and Mayor Laffey signed on to it. Mr. Benetti commented that in that plan the Mayor said he needed a supplemental tax increase as well as a number of issues. Mr. Benetti knew that it was approved by the Auditor General. Also in that plan was an attempt to try to get some savings on the personnel costs. At the meeting with Mayor Laffey, Mr. Benetti stood up and said that he did not want to see the residents hit with a supplemental tax increase unless they could be guaranteed that the rest of that plan would go into effect. However, the rest of that plan never went into effect. People in this city got hit with the supplemental tax increase, and there were other increases. However, until today, the issue of contracts, having some adjustments to them to help this city out financially, was never answered. When Mr. Almonte came before the Council in August, Mr. Benetti told him that he was politicizing the Auditor General's office. When they went outside council chambers, he asked Mr. Almonte what happened where he couldn't get this city to have better contractual obligations with its employees and work something out. He told Mr. Almonte that he told him that night that he was pushing for that issue, but Dr. Carl pulled him off and said that he did not want to deal with anything with contractual obligations. Mr. Almonte

responded that he wished to make it very clear that when he came to Cranston he told them that they needed to make corrections to the contracts and review them. When a city or town is in financial trouble, the Department of Municipal Affairs has the responsibility to come out to solve the financial problems. In this particular case, the Governor asked him as the Auditor General to play that role instead of the Office of Municipal Affairs that works for the Governor's office. All he could do was make recommendations; he could not set policy. He made a recommendation that the state take over the city's finances to do whatever was needed to solve the problems. That had to go to Dr. Carl who was Director of Administration at the time. He is not my boss, but he is the one legally responsible for it. All he could do was make a recommendation. His word was to take Mr. Almonte out of the situation. Mr. Benetti stated that from his perspective as a resident who has children in Cranston schools and who has been involved in programs in the city, the one issue that still needs to be resolved today is to get some adjustments on the personnel costs. If those adjustments could come about, savings could occur without people losing their jobs; but the fact is that there are pensions on the state level along with health insurance costs. The time is now that it is needed. This is the bottom line; this is what has been nagging for years. It should have been resolved four years ago, and it still has not been resolved now. Right now in this city people are paying extremely high property taxes. He thanked the Auditor General for backing up his comments.

Chairman Palumbo stated that he was very much aware of the fact that the State of Rhode Island has let the city down in terms of what they are giving towards education. There is not much he can do as a School Committee person in this regard. Everyone has to realize what the council's responsibility is going to be. He understands when they say that they don't have X number of millions of dollars. However, this problem can't be passed off by saying it can't be done. They can't say that we can't afford teachers. They can't say that we can't afford some of the basic things that are being done now. As a result, the school department is constantly showing the state and the city that the district is doing more, and a better job, for less money than any community the size of Cranston and even a few a little larger. Mr. Palumbo went on to say that he is not political, and the school department had someone from the national scene come to Cranston East on Monday. A lot of pictures were taken, but in the room where they discussed the digital portfolio and other things the students are doing, Mrs. Spellings was very impressed with what is being done in the schools. She asked many questions, but as usual, he had to be the fly in the ointment. He had to tell her that the way this type of thing was done, spending less than any other community, was having less numbers in Title 1 schools, taking all of the research people and putting them in those schools to get the test scores up, etc. – all of the things that Catherine Ciarlo did – professional development, etc. All of these things showed that at a national level Catherine Ciarlo has built a tremendous system, and she knows what

she is doing. Her administrators, principals, teachers, and para professionals know what they are doing. On a national level, one can see the awards she is getting. Even the superintendents

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on a state level voted her in as superintendent of the year. All of these people know that Cranston knows how to educate. He gets very tired of having to fight day after day with people who are trying to prove that they don't know how to educate. This has got to stop. What some of the committee members have been trying to say to the council is that it is not a simple solution, but the council and the committee have to work on this together. No one can have preconceived notions. He told Mr. Colozzi that he thought he lost things in his music program last year; this year will be unbelievable what they will have to cut. They have been cutting everything possible, and they are still millions of dollars short of balancing the budget, and it scares him. He asked that the council allow the committee and administration to educate the children; let them spend more of their time educating instead of trying to disprove charges that are brought against them. That is not to say that many on the council are not for the school department and working for them. Mrs. McFarland stated that with regard to Mr. Palumbo's remarks, the City Council would be holding their budget session with the School Committee on May 2nd. Mr. Almonte was invited to this meeting to discuss the performance audit. What was being discussed now

would be a part of the budget session on May 2nd. His questions should be directed to the agenda for this evening which is to talk about the Auditor General's report. If he had questions or comments regarding the report, then he could comment on those. Mr. Palumbo continued that the reason the committee went after this performance audit is that the administration hung their hats on this report to justify not giving the committee the necessary funds to operate. There is no way of talking about the budget without doing that. That is why the committee was concerned about this report. The monies that are being discussed in this performance audit, transportation, facilities, special education, those dollars weren't there, and they are not there now. The committee showed how transportation should have been looked at so that these figures would have been more accurate. The auditor who did the report should have known this. The committee went into the facilities and multiplied out seats in a very basic way that the performance auditor should have done. When one does this type of thing, one sees that everything that has been said to save money proves to be false. However, what bothers him the most is that people don't realize that the committee did not just ignore this performance audit. They took every single item on that performance audit and studied it to try to see if there was some way they could save money in the areas they were talking about. The committee continues in some areas to try to find ways of saving money. But, the committee can't have a budget that they are going to be talking about on May 2nd that will be tied into the performance audit. It is just not going to work. The council will have a cut list at that time, and they

will see just how serious the whole situation is because of the performance audit.

Brad Draycott, 1345 Seven Mile Road – He stated that Mr. Abrahams and his group were not present at this meeting to rebut Mr. Almonte's findings. Mr. Almonte responded that no one had received this report until tonight's meeting. Mr. Draycott cautioned the council, the committee and Mr. Almonte that when someone gets one side of the story and the other person isn't present that person looks stupid all of a

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sudden. They may very well be wrong in their audit, and if they are wrong, he hoped to get every dime back out of them. He wants to wait to hear their explanation for it. With regard to the transportation, if it is doing as good as the district can do...Mr. Almonte interrupted Mr. Draycott and stated that this was not his comment. He said that the information they saw was less expensive than the City of Warwick, but he is a person who believes in accountability and transparency. He believes that one should always still continue to do the research to see if there is a better way to do it cheaper, faster, and better. Mr. Draycott stated that Mr. Palumbo had made a comment that Cranston is doing a job in educating its students per dollar better than anyone else. Recently the committee's request for more funding was shot down by the state and the courts who said that the town did

provide enough and that it was termed adequate. Yet, the committee now is looking at \$17 million, and they are looking at numbers saying that they won't save anything in transportation and probably won't save much in closing schools, and no one wants to do that anyway. It almost seems that Mr. Almonte could be the number one advocate to go to the State and indicate that if Cranston is doing a good job, and they really did this performance audit and the information they review and respond to is somewhat correct, the school department should be getting more money from the state and the government to subsidize this. Mr. Almonte responded that he does not set policy; he is an auditor, and that is his role. Mr. Draycott commented that people listen to him. If there isn't ways to cut out of transportation and cut schools down, and he noted that he wouldn't put his kids anywhere else even if he could afford it, it leaves the committee with personnel to cut. He told the teachers in the audience that they have to do a co-pay. It is not unreasonable because everyone else does it. Not everyone has top of the line health care. Many don't have pensions. He told the teachers they do a great job, but the taxpayers do a good job too. They take a lot of money out of their pockets to make sure the teachers get their pay, and he wants his students to get supplies and the art and music classes they deserve. The teachers should get on board with the rest of the world and help out. It has been long enough. Mrs. McFarland indicated to Mr. Draycott that he must address the City Council and the School Committee and not the audience. He wants the teachers to be paid fair, but he wants to be treated fair too.

Michael Cardarelli, Jr., - He stated that with regard to the performance audit, he didn't want to give the impression that he or his colleagues were against performance audits especially in light of their first term. They fought adamantly to get a performance audit far more thorough than the one being discussed tonight. The committee was shot down by the O'Leary administration, not because they were against but because of the cost involved. The committee was told it would cost approximately \$200,000. He and his colleagues had no educational background at all, and they felt that for a system as large as Cranston, there had to be considerable cost savings somewhere. They wanted a performance audit that could be done throughout the whole system. Someone would be a hero to find \$1 million somewhere and not impact the kids. When Mr. Abrahams attended the committee meeting, Mr. Cardarelli asked him what it would cost to do that

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type of an in-depth audit above and beyond what he had done. The real sin of this was Mr. Abrahams said that it would cost approximately \$50,000 to \$75,000 more than what he charged the school department. If they had had an independent audit, even Mr. Abrahams, come in and do an independent survey for \$75,000 more than what he charged, independent of the Laffey administration and independent of the school system, they would have a document

tonight – and the Auditor General may be able to do it for free – saving \$7 million rather than suing the council and fighting over the document.

On behalf of all the employees and parents representing the children, Mr. Cardarelli asked that, despite the lawsuit, everyone work together.

Even if the council can't find \$7 million, find \$5 million, and the school department will make do with the difference. The judge did say that the committee was woefully inadequate in making their case, but the largest component he found in that case was in the health care funding aspect of it. Those employees who don't pay a co-pay weren't that sick that year, and they didn't spend carrying over into the next year. That is where the largest component was. It wasn't that the school department bought too many supplies or they didn't over spend in textbooks. The judge said that the school department didn't have the right to spend \$1 million in textbooks, and they took \$1 million in textbooks and supplies away from the kids, and the employees were unusually healthy that year. "Shame on us!"

Mr. Lupino commented that the Auditor General, in his report, stated that he would not comment, or his goal was not to evaluate the quality of the report or the auditing firm's adherence to applicable professional standards. Mr. Lupino went on to say that his statement was based on fact that time and time again throughout the course of the audit he started to sound like a broken record because during the communications portion of the committee meetings he kept asking

when the committee would be brought up to speed. In the RFP for the audit, it mentioned that he would make occasional reports to administration; i.e., administration to him means administration of the school department, the School Committee, and the City Council. None of them were ever given any kind of input or even just an evaluation as to how far it was going and where it was going. The committee finally did get Mr. Abrahams to attend a public work session. Mr. Lupino stated that he is probably far from the most well read person in the room, but Mr. Abrahams made a statement and used a term that evening that he had never heard before that evening.

The word was “wordsmithing.” Mr. Abrahams’ reaction of that was he would go into meet with administration which meant to him Mr. Grimes, Mayor Laffey or whoever else he was meeting with, and he would tell them what his findings were; and he would allow them to change the words. Mr. Abrahams was sitting directly across from Mr. Lupino, and Mr. Grimes was sitting behind him, and a bead of sweat was dripping down Mr. Grimes’s face. Mr. Lupino knew then that the committee was in trouble with this performance audit. He concurred with Mr. Cardarelli that the committee was asking for a true financial and program or performance audit since he has been on the School Committee. This is not it, and it was Mr. Abrahams’ words, “wordsmithing”,

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and his description of “wordsmithing” that let him know that the

committee would be in trouble with this.

Mr. Almonte commented that he had heard about this before, and this is a complicated area. In this particular case, it has to be determined who the client is, and in this particular case, there are two clients – the Mayor and his administration is one client, and the school department is another client. By professional standards, there is no problem with the auditor speaking with the Mayor and his administration and the school department. With regard to wordsmithing, even in the course of the audits his office does, he could be directed by the legislature to audit an agency. He never goes back to the legislature with a report in draft form to let them see what it is. However, he does sit down with the auditee to let them see the draft report and make comments. He would never use the word “worthsmithing”, but the auditee can make comments they they think it could be worded differently. The ultimate responsibility is that of the auditor. In their professional judgment, they make a determination if they can live with the words that are in the document.

He doesn't see it as a problem. He did some research in this area just in case the question was asked. It is complicated because there are two clients, the administration and the schools. Sharing that document in draft form with both parties would not be a problem in this particular case. He knows this for a fact because he researched it. He further commented that his office has legislation at the State House now, and it is a result of what took place in this community. Under the Caruolo Bill, it states that a performance audit shall be

done directed by the Mayor, selecting the Auditor General's office, the Bureau of Audits, or an outside accounting firm, and it is at the discretion of the Mayor. That is what the law says right now. Even when he offered to do the audit, the Mayor said no and hired someone else, it ends there; because that is what the laws says. He will always comply with state law. It says that it is his choice, so it was his choice. The legislation at the State House now is to take that back. The Auditor General will select the accounting firm. It will either be that the Auditor General's office does it, Bureau of Audits or an outside accounting firm at the discretion of the Auditor General. The second piece in this legislation is that the work papers of the auditor will be subject to the Auditor General's review so that there won't be a situation as happened in Cranston that he made a request and didn't get them. Hopefully, that piece of legislation will pass, and all of this will change, and it won't be a problem in the future. Someone in the public asked the bill number for this legislation, and Mr. Almonte responded that he didn't have the number of this legislation. He commented that there is a senate bill and a mirror image on the House side. If one wants to send an e-mail to the Auditor General's office tomorrow, he could respond and give someone the bill number. Mrs. McFarland added that Councilman Pisaturo commented that Senator Gallo is the sponsor of this bill.

Mr. Lupino commented that if wordsmithing is acceptable, the only way it would be a fair acceptable practice would be to have both parties allowed to make an assessment. He gave as an example the

special education component. The committee knew that once

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they received the audit that those numbers were wrong, yet the committee did not get a chance to wordsmith along with Mr. Grimes or Mayor Laffey to get that taken out. The committee could have argued equally, or both positions could have been presented in that particular venue.

Councilman Fung stated that he heard former School Committee person Cardarelli say that the committee requested a performance audit in 2000. He asked if the School Committee, prior to that time or any time subsequent, performed any type of performance audits that they are aware of. Mrs. White responded that there were none during her sixteen years on the committee. Mr. Fung asked if the committee approached anyone from outside the city such as the Auditor General, and Mr. Cardarelli responded no that it would was too expensive.

Mr. Stycos thanked both the City Council and the Auditor General for coming to this meeting. He further commented that this was the kind of open discussion the committee and council needed to have on important issues of what the money is spent on. Mr. Stycos wished to correct two comments that were made. First, the committee has not discussed as a committee this performance audit in a public

forum before tonight. They have not discussed every item in the performance audit. Perhaps Mr. Palumbo has done it privately with administration, but they as a committee have not done that. Secondly, he referred to Mr. Lupino's comment that the school side didn't have a chance to make final comments to the audit. While that was an accurate statement, everyone had to remember the sequence of events which were that drafts of the final report were given to the school administration; the School Committee did not like what it thought was coming, and it sent a demand letter to the Mayor and said that if he didn't cease and desist, the committee demanded that they cease and desist in this performance audit. Anyone who knows what a demand letter is knows that the next thing that comes is a law suit. The auditing company then, ahead of their scheduled time to release the report, released it because they wanted it in the public domain; and they didn't want a law suit to bar the report from being issued. If there is a criticism that the committee didn't get their final two cents in, that is because the old School Committee sent the demand letter. To be clear, Mr. Stycos stated that he objected to sending the demand letter. That was a mistaken then, and the committee needs to own up to its mistakes.

In conclusion, Mr. Almonte invited the City Council and the School Committee for inviting him to this meeting. His office is always welcome to help the City of Cranston residents as well as the residents in the whole state.

Mrs. McFarland stated that it was a pleasure working with Mr. Almonte. She is the most senior member of the City Council and has had an opportunity to work with him and members of his staff. They have always been professional and always enjoy that his staff has given so much to the City of Cranston over the last several years. Mr.

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Almonte's expertise cannot be replaced. Financially, he is the person in the State of Rhode Island. Mrs. McFarland thanked him for the opportunity to come before them this evening.

Moved by Mr. Traficante, seconded by Ms. Iannazzi and unanimously carried that this meeting be adjourned.

**There being no further business to come before the meeting, it was adjourned at
8:50 p.m.**

Respectfully submitted,

**Anthony J. Lupino
Clerk**